Increase in fares by Indian Airlines

*103. SHRI PARVATHANENI UPENDRA:
SHRI CHIMANBHAI MEHTA:†

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the Indian Airlines propose to increase their fares from April this year; and

(b) if so, the percentage of proposed increase and the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI JAGDISH TYTLER): (a) Yes, Sir.

(b) Indian Airlines have proposed to increase basic Rupee fares on domestic sectors by 10%, revision of differential between the Executive Class and economy class fare from 12.5% to 20%. That does not mean that I am increasing the Executive Class fare by 20 per cent. The Executive Class fare will go up by only about 8%. And the excess baggage rates are proposed to be raised to 1.1% of the total passenger fares as against 1.06%.

The revision is to meet partially increase in the cost of operations (other than ATF).

SHRI CHIMANBHAI MEHTA: Sir, I am informed that Indian Airlines have been making profits. So, what is the need for increasing fares? And this is the regular feature that we have been witnessing for the last several years that fares are being increased. Now that this is such a big corporation, have they considered any other measures for reducing the cost of operations? That thing has not been answered here. It has been stated that there is a proposal from Indian Airlines. Now the Minister may inform the House whether the proposal is going to be enforced or not so that we can also consider how far the revision of this fare structure is correct. What the income is, what the expenditure is, all these details should also have come with the answer.

SHRI JAGDISH TYTLER: Sir, I would like to inform the House as well as the hon. Member that out of the total money which we are going to collect, only 2 per cent of the people who are paying from their pocket, are affected. Ninety-eight per cent of the passengers are paying the fare which has nothing to do with people's pocket. I would like to give a break-up. Most of the people are travelling on expense account and Company account; 68 per cent of the people come under this category. Tourists account for 25 per cent; public sector and Government account comes to 5 per cent and self-paying people are only 2 per cent...

SHRI MURLIDHAR CHANDRAKANT BHANDARE: And Members of Parliament?

SHRI JAGDISH TYTLER: Government pays for that. The reason for increase in costs is that the landing fee at the airport has been increased by the International Airports Authority from 1st April 1986 by 13 per cent and from 1st April 1987, by 37 per cent. National Airport Authority's route navigation charges have gone up by 50 per cent; spare parts repairs aircraft maintenance and fluctuations in the world currency — all of it has gone up by 13 per cent; aircraft insurance has gone up by 33 per cent; components repairs by 13 per cent; staff cost has gone up by 9 per cent;

†The question was actually asked on the floor of the House by Shri Chimanbhai Mehta.

food services by 15 per cent and other costs by 11 per cent. Still, I would like to inform the hon. Members that even after this increase of 10 per cent, if you compare the fares internationally, Indian Airlines is still the cheapest. I would like to give one or two examples. Now, for Bombay-Cochin route, the distance is 1095 kilometre and the fair charged is Rs. 937/-. But for the same distance in Pakistan, the fare charged is Rs. 1414/- (*Interruptions*). Let me complete it. I give you a comparison. You put a question to me as to why it has been done and you should feel happy that still it is the cheapest. You take Indonesia. Bombay-Trivandrum route has a distance of 1238 kilometres and the fare charged is Rs. 1085 and if you go to Jakarta, the fare charged is Rs. 1782/-, that means, Rs. 700 more for the same distance. If you go to Australia, the fare charged for a distance of 632 kilometre is Rs. 1228/- compared to Rs. 511/- charged here for the same distance. Same is the case with Italy, London, Madrid, etc.

SHRI CHIMANBHAI MEHTA: The Minister has given a very elaborate answer. But Sir, Pakistani rupee does not compare favourably with the Indian rupee; its value is very much less. Then, if you talk of Australia and Italy, the living standard there is very high and you cannot compare the prices. If the hon. Minister runs the administration from this angle, I do not know what kind of answer I am going to get from him.

Sir, my question was, when they are having profits which they show, why are they raising fares? Although it is said that only 2.2 per cent are the self-paying people who are travelling, is he going to reconsider his decision? When you are having profits, why are you raising the prices? That is the only question he should have answered. What is the total profit you got last year, year before last, and in the current year and what are the expenses? The hon. Minister should given out these figures.

SHRI JAGIDSH TYTLER: I have already given about 9-10 reasons. I would still like to say that this 10 per cent increase does not actually come to 10 per cent; it comes to net 6.43 per cent of the existing total rupee fare.

MR. CHAIRMAN: You are not clear. Your answer says that there will be an increase in the basic fares by 10 per cent. Now you are saying it will be something less.

SHRI JAGDISH TYTLER: Sir, the increase of 10 per cent in the basic route fare on the domestic sector, as proposed by the Corporation to the Government, actually works out to a net increase of 6.43 per cent of the existing total fare.

MR. CHAIRMAN: How can it be? (*Interruptions*) Will you please explain the magic? How does this 10 per cent increase in fares works out to 6.4 per cent? (*Interruptions*)

SHRI JAGDISH TYTLER: Sir, let me keep my first sentence. I do not want to get into confusion myself. Can I answer the second part of the question?

MR. CHAIRMAN: Mr. Minister, the point which the hon. Member is making is, when you say you are making profits, why do you increase the fares?

SHRI JAGDISH TYTLER: Sir the additional burden on the Corporation because of the increase in the various costs like landing fees, route navigation charges etc. which I have mentioned, is estimated at Rs. 65 crores during 1987-88, whereas, the estimated revenue by way of increase in fares would be Rs. 50 crores, approximately. The balance of Rs. 15 crores is proposed to be absorbed internally by effecting economy, through better productivity and cost control which we have already done. Indian Airlines has made profits. I would like to point out

that the fare increase is also necessary to augment the resources to finance the purchase of Airbus 320 aircraft. This project alone would cost about Rs. 1200 crores for which no budgetary support is being taken. Sir, as I said, the total impact on the Indian Airlines is going to be to the tune of Rs. 65 crores and by charging 10 per cent we will be collecting only Rs. 50 crores. This means, the balance of Rs. 15 crores we will have to finance through better utility of the aircraft and other facilities.

SHRI SURESH KALMADI: Sir, the previous question has not been answered. This is regarding the court case filed by certain citizens. If I recollect right, the court had given a decision, a stay order. I would like to know whether the stay order has been lifted? If not, how does the Government propose to increase the fares?

SHRI JAGDISH TYTLER: Sir, the Gujarat High Court had given a stay order but this is with a rider, that whenever we go in for increase in fares, we should take permission from them. And we are going to take permission. We cannot increase until and unless the Gujarat High Court gives us permission. This is the procedure which we have adopted for the last five years, whenever fares have been increased.

SHRI M. KADHARSHA: Sir, there was fare hike only last March and there is no justification for another increase in the fares. The question is not, who pays the fare. The main question is, why it should be increased? The Minister should be relevant in his reply. Sir, I would like to know from the hon. Minister whether it is a fact that the Corporation is operating many uneconomic routes. It is said that only one-third of the services operated by the Airlines are making profits. Many aircrafts are outmoded and they have not been replaced. You are operating many services for mere prestige. The capacity utilisation of the Airbus aircraft is very low; it is only about 60 per cent. Sir, even in Delhi, the national capital, the ground safety equipment, aeronautical and navigational aids have outlived their life and they have not been ugraded. This results in total disruption of traffic. There are several cancellations and delays which result in loss of crores of rupees to the Corporation. The hon. Minister has given us some figures and percentages. I would be quite happy if the hon. Minister is able to tell us, what is the percentage of loss incurred due to the operation of uneconomic routes? What is the percentage of underutilisation and what is the percentage of loss because of mismanagement by the Government?

SHRI JAGDISH TYTLER: The Member of Parliament is right when he says that not all routes are economically viable, but we are not flying aircraft in the country because every route should be economically viable to us. There are some routes where the losses are there. I do not have the exact percentage figures now with me but I know that not all the routes are giving us profits. I can lay the figures on the Table.

MR. CHAIRMAN: Not necessary.

श्री हाशिम रजा इलाहाबादी आदि : जनाब, पालम एयरपोर्ट हिंदुस्तान की राजधानी में है। इसका नाम बदल कर इन्दिरा गांधी एयरपोर्ट कर दिया गया है। सिर्फ इसलिये कि इन्दिरा गांधी हमारे हिन्दुस्तान की तारीख में एक अहमतरीन शख्सियत थीं। मैं माननीय मंत्री जी से जानना चाहूंगा कि क्या उनकी यादगार में सिर्फ नाम ही कायम हुआ है या उस बिल्डिंग में, एरोड्रम पर, उनका कोई स्टेट्यू या कोई पिक्चर या कोई ऐसी चीज लगाई जाएगी जिससे कि हिन्दुस्तान में बाहर से आने वाले यह देख सकें कि इस शख्सियत के नाम पर यह एरोड्रम बनाया गया है या इसका नाम बदला गया है ?

†[شری هاشم رضا اله آبادی

عابدی : جناب پالم ائرپورٹ هندوستان کی راجدهانی میں هے - اسکا نام بدل کر اندرا گاندهی ائر پورٹ کردیا گیا هے - صرف اسلئے که اندرا گاندهی همارے هندوستان کی اهم ترین شخصیت تهیں - میں مان نئے منتری جی سے جاننا چاهونگا که کیا انکی یادگار میں صرف نام هی قائم هوا هے یا اس بلڈنگ میں - ایروڈرم پر - ڈانکا کوئی اسٹیچو یا کوئی پکچر یا کوئی ایسی چیز لگائی جائیگی جس سے که هندوستان میں باهر سے آنے والے یه دیکھ سکیں که اس شخصیت کے نام پر یه ایروڈرم بنایا گیا هے - یا اسکا نام بدلا گیا هے -]

MR. CHAIRMAN: This supplementary does not relate to the main question.

श्री सरेन्द्रजीत सिंह अहलूवालिया : मैं माननीय मंत्री जी से यह जानना चाहता हूं कि इंडियन एयर लाइन्स एक युटिलिटी सर्विस के रूप में काम करती है या कमर्शियल सर्विस के रूप में काम करती है ? दोनों के माध्यम से मैं यह भी जानना चाहता हूं कि अभी मंत्री जी ने फैयर इंक्रीज के बारे में बताया कि इतने प्रतिशत लोग कम्पनी के थे, इतने प्रतिशत सरकार के होते हैं और इतने प्रतिशत इंडिविजुअल होते हैं और इन सब का इफेक्ट होता है, यह जो कम्पनी का पैसा होता है, इसका रंग क्या दूसरा होता है और इंडिविजुअल का पैसा जो होता है उसका रंग दूसरा होता है ? मैं समझता हूं कि अगर कम्पनी दवा बनाती है तो कास्ट आफ प्रोडक्ट्स के आधार पर कीमत बढ़ाती है तो कामन मैन को एयर फेयर भी देना पड़ता है और दवाई की कास्ट भी देनी पड़ती है। मैं जानना चाहता हूं कि इस बारे में आपके क्या विचार हैं ?

SHRI JAGDISH TYTLER: I for one have no colour blindness but I do not see the reason because I just gave information to the House.

DR. (SHRMATI) SAROJINI MAHISHI: The Government has decided to tax the domestic air traveller in the name of modernisation. It has decided to increase airfare for compensating the rise in the price of spare parts and other things. Sir, modernisation is a very vague and wide term. For modernisation, would they think of lengthening, strengthening, widening, shoulder-lighting and putting instrument landing system (ILS) at each and every airport? Would they try to increase the built-in area of the terminal building and provide residential accommodation to the workers which has not been done? What exactly do they want to achieve by increasing the air fare? Of course, the break-even load factor of different aircraft differs. Already they are making a profit, that is what they have reported. I would like to know, what exactly is the break-even load factor, at what point does the profit start for Viscount, Fokker, Airbus, 737 and 747 aircraft which are run by Air India?

MR. CHAIRMAN: The Minister will put the statement on the Table. Next Question.

Expansion of Indira Gandhi International Airport

*104. SHRI JERLIE E. TARIANG: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government propose to further expand the Indira Gandhi International Airport in New Delhi; and

(b) if so, the details thereof and the difficulties being faced by Government in its expansion?

†[ ]Transliteration in Arabic script.